

# Forecasting cash flow\*

The cash flow forecast template will help you detail the cash coming into and going out of your business on a monthly basis so you can forecast future surpluses and shortfalls.

The template automatically calculates the following on a month-to-month and total basis for the forecast period:

- Total receipts – incoming cash
- Total cash payments – outgoing cash
- Net cash flow
- Closing bank balance

## Forecasting sales

By entering your expected incoming receipts, you'll have a better idea of issues coming up.

Use last year's sales or your current sales history, if any, as a basis for upcoming sales. Take any opportunities or threats into account. If you're a start-up, you'll need to look at industry trends, market demand, and your competitors, to come up with expected sales estimates for the coming months.

## Estimating expenses

All businesses have bills to pay each month such as direct costs like materials, stock, and packaging, and overhead like rent, taxes, power, website hosting, salaries, and insurance. They all add up.

This information is critical in ensuring that you set the right sales targets.

## Predicting money in and money out

Forecasting your receipts and comparing them to your expenses each month is useful in establishing targets, monitoring your cash on hand, keeping an eye on your expenses, and addressing any projected shortfalls or windfalls. It's all about money coming in versus money going out – hopefully with a positive balance.

If it looks as though you'll come up short, you may want to start a conversation with your business banker about a short-term business loan.

## Answer the 'what if?' question

Use the cash flow forecast template to run through scenarios such as:

- What if you hire a full-time sales person?
- What happens if you borrow money?
- What if you add new equipment?
- What if you increase capacity?

Use the template to crunch the numbers, taking into account additional revenues your investment might bring in, as well as associated expenses.

## How to use the template

Enter an estimate for the following information into the template:

1. Opening bank balance – the cash you have on hand.
2. Receipts – sales and other revenue for each month.
3. Direct costs – materials, stock, and packaging.
4. Overhead costs – recurring monthly costs such as rent & utilities.

# Cash flow forecast

## RECEIPTS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Sales													
Other revenue													

Total receipts

## LESS PAYMENTS

### Direct costs

Materials													
Stock													
Packaging													
Other													

Sub total for direct costs

### Overheads

Accounting													
Bank Fees													
Cleaning													
Freight and postage													
Insurance													
Interest													
Marketing and advertising													
Motor vehicle expenses													
Power													
Rent													
Repairs and maintenance													
Salaries and employee expenses													
Subscriptions													
Tax													
Telephone													
Web site hosting and maintenance													

Sub total for overheads

Total cash payments

Net cash flow

Opening bank balance

Closing bank balance

# Important Disclosures



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